

1 **Q. Reference slide 22**

2 It is indicated that the \$33.9 million net revenue due to electrification causes an average annual
3 bill savings for ratepayers of \$100. However, that net revenue impact is the result of ratepayers
4 paying higher bills as electrification induces them to consume more electricity. (a) Is the \$33.9
5 million in net revenue derived from the gross revenue from increased bill payments due to that
6 higher electricity consumption? (b) Taking into account the higher bills due to that increased
7 consumption, how can the average annual ratepayer bill go down?

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10 **A. *This Request for Information relates to the Electrification, Conservation and Demand***
11 *Management Plan 2021–2025 (“2021 Plan”) developed in partnership by Newfoundland and*
12 *Labrador Hydro (“Hydro”) and Newfoundland Power Inc. (“Newfoundland Power”) (collectively,*
13 *the “Utilities”) and the related Technical Conference presented by the Utilities on February 1,*
14 *2022. Accordingly, the response reflects collaboration between the Utilities.*

15 (a) Yes, the \$33.9 million referenced in this request for information is the result of additional
16 net revenues from maximizing domestic load through electrification by 2034 for the Island
17 Interconnected System’s customers. The increased net revenues will provide a rate
18 mitigating benefit for customers of approximately 0.5¢/kWh by 2034.¹ This is consistent with
19 the Board’s findings as part of the *Reference on Rate Mitigation Options and Impacts*
20 proceeding.²

21 (b) The \$100 in reduced annual electricity charges simply illustrates how the 0.5¢/kWh rate
22 mitigating benefit described in part (a) would impact the electricity bill of an average
23 domestic customer with electric heating.³ This example does not suggest that the bill for the
24 average ratepayer in 2034 will be lower than the average ratepayer bill in 2021, rather, it

¹ Please refer to “2021 Electrification, Conservation and Demand Management Application, Newfoundland Power Inc., December 17, 2020, vol. I, Evidence, pp. 18–19 of 25.

² Please refer to Hydro’s response to TC-CA-NLH-001 for further information.

³ For further detail on the context of this calculation, please refer to “2021 Electrification, Conservation and Demand Management Application,” Newfoundland Power Inc., December 17, 2020, vol. I, Evidence pp. 18–19 of 25, incl. f.n. 47.

1 illustrates that *at the same amount of electricity usage*, the cost to the customer in 2034
2 would be \$100 lower due to the energy rate being reduced by 0.5¢/kWh as a result of the
3 rate mitigating benefit described in part (a).

4 Electrification programs will provide rate mitigation benefits for all customers on the Island
5 Interconnected System over the long term, regardless of whether they participate in an
6 electrification program. A customer who does not participate in an electrification program,
7 and does not consume more electricity, will enjoy the rate mitigation benefit illustrated in
8 the example (i.e., \$100 for an average domestic customer with electric heating). While
9 participants in electrification programs will see increased electricity costs as a result of
10 consuming more electricity, the unit cost of that electricity will decrease. In addition, they
11 will see a reduction in their overall *energy* costs through vehicle fuel savings.

12 Please refer to Section 5.0 Customer Benefits of the 2021 Plan for further information on
13 the customer benefits of electrification programs, including an illustrative example of how a
14 participant will see overall savings, net of increased electricity costs.⁴

⁴ Please refer to "Application for Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021–2025," Newfoundland and Labrador Hydro, rev. July 8, 2021 (originally filed June 16, 2021), sch. 3, pp. 26–30.